Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Text

LIMITED OFFICIAL USE

PAGE 01 BUENOS 06235 231649Z

55
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SS-15 CIAE-00 INR-07 NSAE-00

TRSE-00 FRB-03 SP-02 NSC-05 /046 W
---------- 058542
R 231505Z SEP 76
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 7243

LIMITED OFFICIAL USE BUENOS AIRES 6235

E.O. 11652: N/A
TAGS: EFIN, SHUM, AR
SUBJECT: PRIVATE FINANCIAL LOANS FOR ARGENTINA: HUMAN RIGHTS AND WAIVER OF SOVEREIGN IMMUNITY

REF: (A) BUENOS AIRES 6113, (B) BUENOS AIRES 6079

1. DURING CALL ON ME SEPTEMBER 21, REGIONAL VICE-PRESIDENT OF CITIBANK TOLD ME HIS BANK WAS CONSIDERING DOUBLING ITS EXPOSURE IN ARGENTINA (FROM OVER $200 MILLION TO APPROXIMATELY $500 MILLION -- FIGURES WHICH HE REQUESTED BE KEPT IN STRICTEST CONFIDENCE), PRIMARILY BY EXTENDING NEW SHORT-TERM LOANS. HE SAID HIS BANK WAS IMPRESSED WITH THE GOA'S NEW ECONOMIC PROGRAM AND ITS IMPLEMENTATION TO DATE AND BELIEVED THAT, OVER THE SHORT-TERM AT LEAST, ARGENTINA'S BALANCE OF PAYMENTS POSITION WOULD CONTINUE TO SHOW IMPROVEMENTM UNFORTUNATELY, HIS BANK COULD NOT LIMIT ITSELF TO PURELY ECONOMIC CONSIDERATIONS IN MAKING DECISIONS TO GRANT LOANS. HUMAN RIGHTS ARE A MAJOR CONCERN -- AN ISSUE RECENTLY HIGHLIGHTED BY THE MUSICH RESIGNATION WHICH THE PRESS ATTRIBUTED TO HIS DISAGREEMENT WITH GOA POLICY ON HUMAN RIGHTS. CONTINUING DETERIORATION OF THE GOA'S HUMAN RIGHTS IMAGE IN THE US, HE SAID, COULD PREVENT CITIBANK FROM INCREASING ITS EXPOSURE IN ARGENTINA.

2. WITH REFERENCE TO THE "SOVEREIGN IMMUNITY CLAUSE" (REF A), REP SAID IT WAS A STANDARD CLAUSE USED BY BANKS IN EXTENDING MAJOR LOANS TO GOVERNMENTS AND WAS NOT DIRECTLY AN ISSUE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUENOS 06235 231649Z

IN THE GOA INVESTMENT DISPUTES WITH THE BANKS. THE CLAUSE STIPULATES

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

IN EFFECT THAT A GOVERNMENT WILL WAIVE ITS SOVEREIGN IMMUNITY
IN DISAGREEMENTS CONCERNING ITS LOAN CONTRACTURAL OBLIGATIONS
AND SUBMIT ITSELF TO COURT PROCEEDINGS IN ANOTHER COUNTRY.
REP SAID THAT THE GOA HAD ACCEPTED THIS CLAUSE IN PREVIOUS
LOANS EXTENDED BY CITIBANK TO ARGENTINA AND THAT IT WAS INCLUDED
IN THE LOAN CONTRACT FOR THE $500 MILLION LOAN PACKAGE FROM
U.S. BANKS (REF. B). HE SAID THAT, WHILE OTHER
BANKS MAY BE
WILLING TO COMPROMISE ON THIS ISSUE, HE WAS SURE CITIBANK WOULD
NOT. HE ADDED THAT THE GOA NEEDED THESE CREDITS BADLY AND
THEREFORE WAS NOT IN A STRONG NEGOTIATING POSITION.

3. COMMENT: NOW THAT EVEN COMMERCIAL BANKS ARE TAKING HUMAN
RIGHTS INTO ACCOUNT IN EXTENDING CREDITS TO ARGENTINA, IT IS
CLEAR
THAT CONTINUED LACK OF PROGRESS IN THIS ARE COULD
SEVERELY LIMIT THE GOA'S ACCESS TO FOREIGN CREDIT AND JEOPARDIZE
ITS NEW ECONOMI PROGRAM.
HILL

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, LOANS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BUENOS06235
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760361-0572
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760929/aaaaaytj.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 BUENOS AIRES 6113, 76 BUENOS AIRES 6079
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUL 2004 by ElyME>; APPROVED <28 OCT 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRIVATE FINANCIAL LOANS FOR ARGENTINA: HUMAN RIGHTS AND WAIVER OF SOVEREIGN IMMUNITY
TAGS: EFIN, SHUM, AR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006